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SENATE BILL 578

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Pete Campos

AN ACT

RELATING TO FINANCIAL INSTITUTIONS; ESTABLISHING THE LINKED
DEPOSIT PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new Section 6-10-24.2 NMSA 1978 is enacted
to read:

"6-1-24.2. [NEW MATERIAL] LINKED DEPOSIT PROGRAM.--

A. As used in this section:

(1) "financially at risk rural community"

means a community with the following characteristics:

(a) no more than one insured bank,
thrift institution or credit union within the community; and

(b) a population not exceeding two
thousand six hundred; and either

(c) a declining population as evidenced

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1 by a decrease in population as shown by the two most recent
2 federal decennial censuses; or

3 (d) a median household income less than
4 eighty percent of the state median household income;

5 (2) "linked deposit program" means a
6 depository institution's participation in the deposit program
7 established pursuant to this section;

8 (3) "market rate" means the rate of return
9 established by the state board of finance for deposits held by
10 qualified depository institutions;

11 (4) "qualified depository institution" means
12 an insured bank, trust institution or credit union qualified
13 pursuant to Section 6-10-15 NMSA 1978;

14 (5) "qualifying office" means an office of a
15 qualified depository institution that is open at least eight
16 hours a day, five days a week, has a night deposit box and
17 provides credit services to qualifying residents of the
18 community; and

19 (6) "state deposits" means public funds under
20 the control of the state treasurer or the state treasurer's
21 designee and held by qualified depository institutions.

22 B. The state treasurer may invest up to fourteen
23 percent of state deposits, not to exceed forty-nine million
24 dollars (\$49,000,000), in qualified depository institutions
25 with a qualifying office located in a financially at risk rural

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1 community. No more than ten million dollars (\$10,000,000) may
2 be deposited in any one qualified depository institution
3 pursuant to the linked deposit program. For funds invested in
4 qualified depository institutions pursuant to the linked
5 deposit program, the state treasurer is authorized to accept a
6 rate of return that is one percent below the market rate.

7 C. The director of the financial institutions
8 division of the regulation and licensing department is
9 authorized to make regulations and orders implementing the
10 provisions of this section. Such regulations shall address the
11 following areas:

12 (1) eligibility criteria for qualified
13 depository institutions participating in the linked deposit
14 program; and

15 (2) application procedures for participation
16 in the linked deposit program."

17 Section 2. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is July 1, 2007.